

**NICHOLVILLE
TELEPHONE
COMPANY, INC.**

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FILE**

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SEP 11 1992

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

September 8, 1992

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Donna Searcy, Secretary
Federal Communications Commission
1919 M Street, NW Room 222
Washington, DC 20554

FCC MAIL BRANCH

Dear Ms Searcy:

Enclosed please find an original plus eleven copies of our comments on the Commissions Docket 92-133 regarding the Amendment of Parts 65 and 69 of the Commission's Rules to Reform the Interstate Rate of Return Represcription and Enforcement Processes.

Sincerely,

Donald W Gruneisen
President and General Manager

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SEP 11 1992

Before the
Federal Communications Commission
Washington, DC 20554

FCC MAIL BRANCH

In the Matter of:
Amendment of Parts 65 and 69 of
the Commission's Rules to Reform
the Interstate Rate of Return
Represcription and Enforcement
Processes

CC Docket No. 92-133

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COMMENTS OF NICHOLVILLE TELEPHONE COMPANY, INC

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Nicholville Telephone Company, Inc (Nicholville),
pursuant to the Notice of Proposed Rulemaking and Order of
the Federal Communications Commission (Commission),
respectfully submits its Comments in the above-captioned
proceeding. Nicholville is a local exchange carrier
providing service to 2032 access lines in the Northeastern
part of New York State.

Nicholville supports a procedure that treats small
companies fairly. The current rules are very complex and
time consuming. Simplification and flexibility should be
objectives of this proceeding.

The Commission proposes to continue the unitary rate of
return. Nicholville fully supports this proposal.

Nicholville believes that the best surrogate group for the
interstate access services of small LECs is a composite of
the Bell Operating Telephone Companies (BOCs). The BOCs'
capital structures are readily available in the FCC Annual

Report Form M. Their debt costs and percentage of total capital are easily determined, and can be simply averaged into a composite industry figure for application to the rate of return carriers. The BOCs provide about 80% of the industry's local exchange access lines, so their capital structure and debt costs would certainly represent the industry as a whole.

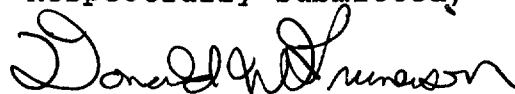
Nicholville believes that any new rules should not use the capital costs or financial structures of the over 1,300 local exchange companies regulated under rate of return. The data for these carriers would be very costly to collect, would not be consistent within themselves, and in many cases would not be available. In order to avoid the immense complications of attempting even to collect the data, the Commission should rely on BOC data which is already prepared and filed with the Commission.

There is no need to collect and analyze capital structure and debt cost data for Tier 1 LECs other than the BOCs. These 30 carriers account for only 16% of the industry's access lines, and would add little value to the Commission's prescription process, compared to the effort to process this very large quantity of data. Adding the remaining Tier 1 LECs would add reporting burdens with next to no benefits to the public interest.

Codification of any method for determining the cost of equity would severely restrict the Commission's flexibility, and could make future represcription more complex. This would be contrary to the Commission's simplification objectives.

The Commission proposes that a represcription be initiated only when capital markets change so significantly and persistently that LEC costs of capital might also change. This method unties the Commission from mandatory represcription and allows for the consideration of special circumstances at the time or in the near future. Nicholville supports the proposal of USTA on this issue.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Donald W. Gruneisen", written in a cursive style.

Donald W Gruneisen
President